Indiana Municipal Power Agency

Quarterly Report
March 31, 2017

MANAGEMENT DISCUSSION

Operating revenues for the three months ended March 31, 2017 are approximately the same as for the first three months ended 2016. Year-to-date energy sales have decreased by approximately 2.6% and total year-to-date cost per kWh has increased by approximately 2.6%.

During the first three months of 2017, IMPA's total operating expenses increased approximately $4.2 million and non-operating expenses decreased $3.5 million compared to 2016. The net increase in total expenses was $0.7 million (0.7%).

IMPA's net income for the first three months of 2017 was approximately $4.0 million. IMPA's average cost per kWh for the same period was 7.09 cent per kWh. Debt service coverage for the rolling 12 months ended March 31, 2017 was 1.32 times.

In February 2017, IMPA sold its recently constructed Anderson 1 Solar Park to Indiana Solar Holding, LLC. In conjunction with the sale, IMPA entered into a prepaid purchase power agreement whereby IMPA will purchase 100% of the solar park's generation at a pre-established price for up to 25 years. The sales agreement provides an option for IMPA to purchase the solar park back in 5 ½ years. The transactions resulted in net present value savings of approximately 15% of the construction costs.

Condensed Consolidated Statements of Revenues, Expenses and Changes in Net Position ($ millions)

For the periods ended March 31, 2017 and 2016

	2017	2016
Sales to municipalities	$ 106.2	$ 106.3
Other revenues	1.3	1.1
Total Operating Revenues	**107.5**	**107.4**
Purchased power, fuel, and production expenses	62.8	61.2
Transmission and local facilities	9.3	9.4
Other operating expenses	19.8	17.0
Total Operating Expenses	**91.9**	**87.6**
Total Operating Income	**15.6**	**19.8**
Interest expenses	14.0	14.5
Interest income	(0.3)	-
Other non-operating expenses (income)	(2.1)	0.7
Total Non-Operating Expenses (Income)	**11.6**	**15.2**
Net Income	**4.0**	**4.6**
Net Position at Beginning of Year	**299.9**	**271.6**
Net Position at End of Period	**$ 303.9**	**$ 276.2**

Condensed Consolidated Statements of Net Position ($ millions)

For the periods ended March 31, 2017 and 2016

	2017	2016
Utility plant, net	$ 1,220.0	$ 1,212.7
Cash and investments	219.8	207.9
Other current assets	126.8	138.0
Deferred outflows	132.9	126.0
Total Assets	**$ 1,699.5**	**$ 1,684.6**
Net investment in capital assets	$ (63.1)	$ (105.1)
Restricted	117.0	134.3
Unrestricted	250.0	247.0
Total Net Position	**303.9**	**276.2**
Non-current liabilities	1,283.1	1,324.1
Current liabilities	112.5	84.3
Total Liabilities	**1,395.6**	**1,408.4**
Total Net Position and Liabilities	**$ 1,699.5**	**$ 1,684.6**